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IFAD
INTERNATIONAL FUND
FOR AGRICULTURAL
DEVELOPMENT

Enabling the rural poor
to overcome poverty

President's memorandum

Republic of Colombia

Rural Microenterprise Assets Programme: Capitalization, Technical Assistance and Investment Support (Loan No. 702-CO)

Modifications to the supervision arrangements

Executive Board — Eighty-ninth Session
Rome, 12-14 December 2006

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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Recommendation for approval

The Executive Board is invited to approve the direct supervision by IFAD of the Rural Microenterprise Assets Programme: Capitalization, Technical Assistance and Investment Support.

President's memorandum

Rural Microenterprise Assets Programme: Capitalization, Technical Assistance and Investment Support (Loan No. 702-CO)

Modifications to the supervision arrangements

1. At its eighty-eighth session held in September 2006, the Executive Board approved a loan of SDR 13.45 million (equivalent to approximately US\$20 million) to the Republic of Colombia, on intermediate terms, to help finance the Rural Microenterprise Assets Programme: Capitalization, Technical Assistance and Investment Support. The programme's development objective is to increase the social, human, financial, physical and natural assets of small-scale entrepreneurs, especially women and young people, in rural poor areas of Colombia.
2. Originally, it was established that the loan should be administered by the Andean Development Corporation as IFAD's cooperating institution. However, during negotiations in September 2006, the Government expressed interest in having direct supervision by IFAD for this operation. Accordingly, the addendum to the President's report submitted to the Board in September 2006 included the following footnote in the loan summary: "During negotiations it was agreed that provisionally the Andean Development Corporation will be the cooperating institution. The Government will formally request IFAD to directly supervise the programme."
3. On 23 October 2006, the Government formally requested that IFAD consider the modality of direct supervision for this programme. The national coverage and innovative nature of this operation, combined with the country's particular situation with regard to conflict, justify that IFAD actively participate in the implementation process and take up responsibility for direct supervision of the approved programme, subcontracting to a service provider certain tasks such as loan administration and procurement review and verification.